

ASSEMBLY BILL

No. 671

Introduced by Assembly Member Klehs

February 17, 2005

An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 671, as introduced, Klehs. Use taxes: collection.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. The State Board of Equalization issues forms for the computation and payment of sales and use taxes collected or owed by those retailers. There is no requirement for persons, other than retailers, that owe use taxes to register with the State Board of Equalization for the reporting and payment of use taxes owed by those persons to the state.

This bill makes findings with respect to the loss of use tax revenue attributable to those persons that fail to pay use tax that is owed to this state. This bill states the intent of the Legislature to pursue all available legal means for the collection of use tax that is currently owed to this state.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares the
- 2 following:
- 3 (1) California has not collected over \$1.35 billion in use tax
- 4 revenue that is legally owed to this state.

1 (2) Of this total amount of uncollected use tax revenue,
2 approximately \$500 million is attributable to
3 business-to-consumer transactions and the remainder is
4 attributable to business-to-business transactions.

5 (3) The failure of tax scofflaws to pay what is legally owed to
6 this state is not only unfair to those taxpayers that comply with
7 the law, but also places a greater share of the tax burden on those
8 taxpayers that are in compliance with the laws of this state.

9 (4) If California is able to collect those outstanding use taxes
10 that are owed to this state, the Legislature will be able to, among
11 other things, provide quality education to California's children,
12 affordable health care to California's residents, repair
13 California's aging infrastructure, and plan for California's future.

14 (5) It is of the highest importance for California to
15 aggressively pursue tax scofflaws, collect the taxes owed by
16 them, and to penalize them for their failure to comply with the
17 laws of this state.

18 (b) It is the intent of the Legislature to pursue all available
19 legal means for the collection of use tax that is currently owed to
20 this state.